

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

IN RE PHARMACEUTICAL INDUSTRY)
AVERAGE WHOLESALE PRICE)
LITIGATION)

MDL NO. 1456
Civil Action No. 01-12257-PBS

THIS DOCUMENT RELATES TO)
01-CV-12257-PBS AND 01-CV-339)

Hon. Patti B. Saris

Declaration of John Hoffman

John Hoffman declares as follows:

1. I am Vice President, Strategic Customer Franchise for Centocor, Inc.

Centocor was acquired by Johnson & Johnson in 1999. Before being acquired by Johnson & Johnson, Centocor was an independent company.

2. Centocor markets and sells Remicade®, one of the medications at issue in this case. Remicade is used to treat rheumatoid arthritis and Crohn's disease. Remicade was launched in 1998 when Centocor was still an independent company.

3. Remicade is administered to patients via infusion. Remicade infusions typically take place in a physician's office, but Remicade may also be administered in hospitals. Remicade is covered by Medicare Part B.

4. Although Remicade is administered by physicians, Centocor does not sell Remicade to physicians and it does not contract with physicians. Rather, physicians who wish to administer Remicade to their patients must purchase the product from a specialty distributor. Hospitals typically purchase Remicade from a wholesaler.

5. I understand that on December 7, 2004, during the cross examination of defendants' tutorial expert, Gregory K. Bell, Ph.D., plaintiffs' counsel asked Dr. Bell if he was aware that Centocor offered physicians a discount on Remicade of more than 40%. I also understand that Dr. Bell responded by saying that he had not heard that Centocor offered discounts to physicians.

6. Counsel's question to Dr. Bell was unfounded. As I testified during my deposition in March and May of 2004, Centocor has never offered discounts, rebates or other price incentives to physicians. In fact, Centocor does not offer discounts, rebates or other price incentives to anyone who administers or dispenses the drug, or to anyone who receives reimbursement for the drug. Accordingly, I am not surprised that Dr. Bell had never heard of such a thing.

7. Centocor does negotiate discounts or rebates with certain payors, such as health plans and managed care organizations. These entities in turn provide reimbursement to physicians and hospitals. The discounts and rebates they receive have the effect of *reducing* their net reimbursement cost. Centocor does not offer discounts, rebates or administration fees to PBMs.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: January 19, 2005



John Hoffman